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This Week in Canadian Agriculture, Issue 21 2006

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Report Highlights:

Canada's 8th BSE Case Confirmed in Alberta * BSE Investigation Completed on Case No. 7 * Crop Production for 2005/2006 Set to Fall * Weak Interest in Canadian Wheat Board Elections * GOC to Proceed with Lumber Agreement Implementation Legislation * Farm Cash Receipts Almost C\$1 Billion Lower During the First Half of 2006 * U.S. Poultry Meat Exports to Canada at Record Pace * Competition from Brazil for the Canadian Chicken Import Market

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA'S 8TH BSE CASE CONFIRMED IN ALBERTA: On August 23, 2006 the Canadian Food Inspection Agency confirmed Canada's 8th BSE case in an Alberta cow between eight and ten years old. It was Canada's fifth confirmed case of the disease this year. An investigation is underway to locate the animal's birth farm. The same day, U.S. Agriculture Secretary Mike Johanns issued a statement saying that USDA does not anticipate a change in the status of beef imports from Canada. He added that risk assessment had anticipated multiple cases of BSE and expressed confidence that the interlocking safeguards in place in both Canada and the U.S. are providing effective consumer protection.

BSE INVESTIGATION COMPLETED ON CASE #7, THE 50-MONTH OLD COW: Investigators from the Canadian Food Inspection Agency (CFIA) have concluded their epidemiological investigation of the 50-month old dairy cow from Alberta that was diagnosed with bovine spongiform encephalopathy (BSE) on July 13, 2006. The CFIA reported that the animal died of causes unrelated to BSE and would likely have lived for an additional four to six months before the onset of BSE-related clinical signs. According to the CFIA, the age of the animal is not significantly different from that of previous Canadian cases and indicates exposure to only a very low dose of BSE infectivity. The agency stated that early detection demonstrates the highly sensitive nature of Canada's national BSE surveillance program, which targets cattle from the highest risk populations and has tested more than 117,000 animals since 2003. Because the animal was exposed to BSE after the 1997 implementation of Canada's feed ban, the CFIA placed priority on conducting a comprehensive review of all potential routes of BSE exposure. While the investigation looked at all possible routes of exposure, the CFIA believes that a single batch of feed that may have been contaminated is the most probable source of infection. As a result, the CFIA has launched an enforcement investigation.

CROP PRODUCTION FOR 2005/2006 SET TO FALL: Statistics Canada released its July 31st estimate of production of principal field crops. It reports that Prairie farmers predict a decline in crop production from last year's levels as a result of dry conditions. According to the report, prairie canola production is set to drop 17% or 1.6 million metric tons to 7.9 million metric tons due to lower yields. Prairie farmers predict a 1.2% increase in spring wheat production to 18.6 million metric tons, due to an increased harvested area outweighing a drop in yields. The durum wheat outlook has dropped significantly to 3.4 million metric tons, a 42% decrease from last year, largely due to lower harvested areas. Prairie barley production estimates show a decline of 18.2%, due to both lower yields and harvested area. In the Eastern Provinces, however, conditions were reported to be generally favorable and although corn farmers in Quebec and Ontario expect a production drop due to anticipated lower yields, Ontario's Winter Wheat producers are forecasting record production, at 2.5 million metric tons, due to record yields and harvested area. For further information, visit <http://www.statcan.ca>.

WEAK INTEREST IN CANADIAN WHEAT BOARD ELECTIONS: The five sitting directors of the Canadian Wheat Board have indicated they are running for re-election. Despite the debate between the Conservative government in Ottawa and the Wheat Board over the future status of the single desk, there has been little interest in these elections. Nominations for the election officially open on September 1, but no one has indicated they will challenge the incumbents. With no promise for a plebiscite over the future of the board, some see these elections as an indicator of its future. CWB director Allen Oberg said, "I think [these elections] will be like a substitute referendum on the board's future." But with little interest in the elections, it will be difficult to see it as a true referendum. The lack of interest might derive from the view that the Conservative government in Ottawa will continue to push hard for a more open market regardless of a strong turnout for single-desk supporters. Albert Wagner, who ran in the 2002 CWB elections and lost said, "I know hard-core single desk supporters think that if they have a strong showing they can convince the government otherwise, but it's not going to happen." (Source: Western Producer)

GOC TO PROCEED WITH LUMBER AGREEMENT IMPLEMENTATION LEGISLATION: Canadian Prime Minister Stephen Harper has indicated that his government has received adequate support from British Columbia, Quebec, Ontario and the Atlantic provinces as well as major segments of Canada's forest industry to proceed with Softwood Lumber Agreement implementation legislation. On July 1, 2006, Canada and the United States finalized a legal text on a softwood lumber agreement. Under the proposed plan the United States would return \$4 billion in safeguard duties collected from Canadian companies since 2002 and Canadian softwood lumber exporters would pay a pro-rated export charge on their sales to the United States when the price of lumber is at or below 355 per thousand board feet. The Prime Minister told the media that the government will introduce legislation next month to implement the deal and that the vote in Parliament will be a confidence measure, meaning that the bill's defeat would bring down the government and force a federal election.

FARM CASH RECEIPTS ALMOST C\$1 BILLION LOWER DURING FIRST HALF OF 2006: According to Statistics Canada, Canadian total farm cash receipts during the January-June period this year slipped 4.7% to C\$18.0 billion from C\$18.9 billion in the first half of last year. Revenue was down for crops, livestock and program payments. However, despite the year-to-year decline, total receipts remained 1.3% above the previous five-year average. Livestock receipts fell 1.1% to \$8.8 billion. Higher cattle and calf receipts, driven by exports, were offset by a substantial decline in hog revenues. Crop revenues of C\$6.6 billion in the first half of 2006 were 1.0% below the same period last year as abundant world grain supplies and a strong Canadian dollar continued to depress prices. Farmers received C\$2.6 billion in program payments, down 21.7% from the first-half record high set last year. However, the amount paid to farmers through various programs remained 17.2% above the previous five-year average.

U.S. POULTRY MEAT EXPORTS TO CANADA AT RECORD PACE: After Russia and Mexico, Canada is the third most important export market for U.S. poultry meat. In 2005, U.S. poultry meat exports to Canada reached \$307 million. For 2006, U.S. poultry meat exports to Canada are on pace to exceed the record \$332 million exported during 2004 when U.S. poultry exports to Canada increased sharply to help offset the avian influenza-related production shortfall in British Columbia.

COMPETITION FROM BRAZIL FOR THE CANADIAN CHICKEN IMPORT MARKET: Since Canada recognized the poultry meat inspection system of Brazil in August 2002, the South American supplier has captured about 22% of total Canadian imports of chicken parts, the largest import segment for chicken, and a segment that was formerly dominated by U.S. product. Because USDA does not permit imports of Brazilian chicken, the Canadian Food Inspection Agency has strict import control procedures to ensure that Brazilian chicken in Canada does not enter the United States. For more information on recent production and trade developments in the Canadian poultry meat sector, watch for the Poultry Annual CA6035 soon on the FAS website.

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